

Overview of process after POHP-PH funds are awarded:

1. Submissions prior to signing Loan Commitment agreement, then Loan Commitment agreement signed.  
**NOTE: Starting rehabilitation work prior to receiving a fully signed Loan Commitment agreement from Minnesota Housing is not advisable.**
2. Submissions prior to scheduling the construction loan closing, then closing occurs (loan documents are signed; funds may be disbursed for soft costs (if applicable); and a letter is issued by Minnesota Housing to the PHA and general contractor to start rehabilitation work).
3. Submissions during rehabilitation (monthly draws/disbursements).
4. Submissions for rehabilitation completion/project closeout.

**1. Submissions prior to signing loan commitment agreement:**

DOCUMENT	REQUIREMENTS
<b>Sources and Uses Worksheet</b>	An updated Sources and Uses Worksheet must be completed and submitted (if there were changes to the development budget and sources after application was submitted and funds awarded).
<b>Rehab Scope - Rehabilitation</b>	Minnesota Housing's architectural review of existing buildings will vary depending upon the proposed scope of work and its degree of complexity. Substantial rehabilitation projects will more closely follow the same review process as for new construction. Rehabilitation may or may not require architectural plans and specifications, but will likely require analysis of construction materials and quality based on contractor bids. Refer to Minnesota Housing's <a href="#">Architect's Building Standards guide</a> when an architect is required.
<b>Environmental</b> (if applicable)	<b>A Phase I Environmental Site Assessment may be required (at Minnesota Housing staff architect's discretion) if Minnesota Housing's loan amount exceeds \$300,000.</b> The Phase I Environmental Site Assessment must be dated no older than one year. <ul style="list-style-type: none"> <li>• Comprehensive Lead-based Paint and Asbestos-containing Materials surveys are required for the entire property – not just rehabilitated areas.</li> <li>• Abatement plan is required for hazardous materials to be abated during rehabilitation</li> <li>• Operations &amp; Maintenance (O&amp;M) Plan is required for all hazardous materials that will remain <u>after</u> rehabilitation.</li> </ul> Refer to the following guides: <ul style="list-style-type: none"> <li>• <a href="#">Phase I Environmental Assessment</a></li> <li>• <a href="#">Asbestos Inspection Survey</a></li> <li>• <a href="#">Lead-Based Paint</a></li> </ul>

## 1. Submissions prior to signing loan commitment agreement (continued):

DOCUMENT	REQUIREMENTS
<b>B3 (Buildings, Benchmarks and Beyond)</b> (or if B3 is waived, then Limited Scope)	B3 is the State of Minnesota's Sustainable Building Design Requirements (Buildings, Benchmarks and Beyond). Projects will need to either comply with B3 or be approved by the Center for Sustainable Building Research as "non-applicable." If the project is deemed "non-applicable", and receives a B3 waiver the Minnesota Housing's <a href="#">Limited Scope Sustainability form</a> must be completed. Refer to the following for more detail regarding B3 requirements: <a href="http://www.msbg.umn.edu/">http://www.msbg.umn.edu/</a>
<b>100% Bid / Construction Documents</b> (if applicable)	<b>This may be waived, at the sole discretion of the Minnesota Housing staff architect, based upon the project scope of work.</b>  100% Bid/Construction Documents [comprised of plans and project manual, specifications of architectural, structural, mechanical, electrical, landscaping, civil engineering and other construction-related fields of expertise as necessary]. Approval is given by the Minnesota Housing staff architect when all plan review comments and requirements noted during the review process are incorporated in the 100% construction documents, be it design modification, construction materials issues, or construction methods.  Submit to the Minnesota Housing staff architect the following: <ul style="list-style-type: none"> <li>(1) One full size, bound hard copy of the plans;</li> <li>(2) One bound hard copy of the project manual/specifications; and</li> <li>(3) Electronic version in pdf format of the plans and project manual/specifications.</li> </ul>
<b>Equal Opportunity Policy Statement</b> (MH Form)	Minnesota Housing is committed to equal housing and equal employment opportunity. The <a href="#">Equal Employment Opportunity Policy Statement</a> form must be submitted by the owner and general contractor.
<b>Affirmative Fair Housing Marketing Plan</b> (MH Form)	The Affirmative Fair Housing Marketing Regulations require that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants of all majority and minority groups in the housing market area regardless of race, creed, color, religion, sex, national, origin, marital status, status with regard to receipt of public assistance, disability or familial status. The applicant describes on this form the activities it proposes to carry out during advance marketing, where applicable, and the initial sales or rent up period. The affirmative marketing program also should assure that any group(s) of persons normally NOT likely to apply for the housing without special outreach efforts (because of existing neighborhood racial or ethnic patterns, location of housing in the SMSA, or price or other factors), know about the housing, feel welcome to apply and have the opportunity to buy or rent. Complete the <a href="#">Affirmative Fair Housing Marketing Plan (AFHMP)</a> .
<b>Authority's Enabling Resolution</b>	Enabling resolution and minutes from the government entity establishing the Authority.
<b>Legal Description of the Property</b>	Either a title policy or HUD's Deed of Trust showing the legal description of the subject Property is required.

**End – submissions prior to signing loan commitment agreement**

## 2. Submissions prior to scheduling the construction loan closing:

DOCUMENT	REQUIREMENTS
<b>Authority's Certified By-laws</b> (MH form of Certification)	Certified Bylaws and any and all amendments must be submitted. The Certification must be dated within <b>90 days</b> of closing; and must be signed by the secretary of the Authority. Minnesota Housing's form of Certification must be used, contact your Minnesota Housing closer for more details.
<b>Authority's Borrowing Resolution</b> (MH form)	<p>A <u>draft copy</u> of the Resolution adopted by the Authority's governing board must include the following:</p> <ul style="list-style-type: none"> <li>• authorization to borrow funds from Minnesota Housing and stating the amount of borrowing authority;</li> <li>• authorization to execute any and all Minnesota Housing loan documents (including, but not limited to, a Repayment Agreement, Declarations);</li> <li>• contains the address of the development;</li> <li>• identifies authorized signers and their titles;</li> <li>• contains a paragraph stating that: "Minnesota Housing Finance Agency is authorized to rely on the continuing force and effect of the Resolution until receipt by the Commissioner of Minnesota Housing, at its principal office, of notice in writing from the Authority of any amendments or alterations thereof"; and</li> <li>• must be dated within <b>90 days</b> of closing.</li> </ul> <p>Minnesota Housing form must be used, contact your Minnesota Housing closer for more details.</p> <p><b>At closing: The original signed Resolution (or a Certified copy) must be delivered prior to or at closing, when scheduled.</b></p>
<b>Updated Sources and Uses Worksheet</b> (if applicable)	An updated Sources and Uses Worksheet must be completed and resubmitted (if there were changes to the development budget and sources <u>after</u> the loan commitment agreement was signed).
<b>Consent Letters (Jr. Lien Approval) from any existing lenders (excluding U.S. Dept. of HUD)</b> (MH form)	<p>A letter from each existing mortgage holder is required addressed to Minnesota Housing indicating:</p> <ul style="list-style-type: none"> <li>• the lender's consent to Minnesota Housing's loan and loan documents, and specifying the amount of the Minnesota Housing's loan;</li> <li>• identifying the loan documents they are consenting to; and</li> <li>• indicating that the Minnesota Housing loan(s), with the passing of time, does not create an event of default under the lender's loan documents.</li> </ul> <p>Minnesota Housing form must be used, contact your Minnesota Housing closer for more details.</p>
<b>Loan documents (in draft form) from other Lenders providing new financing and closing simultaneously with Minnesota Housing's POHP-PH loan</b> (if applicable)	<p>Due to a lender(s) varying requirements, the documents will be reviewed for conflicting requirements that may need to be resolved prior to closing. Examples: loan terms, rent and income requirements, use of loan proceeds.</p> <p><b>At closing, signed Lender loan documents must be delivered to Minnesota Housing.</b></p>

## 2. Submissions prior to scheduling the construction loan closing (continued):

DOCUMENT	REQUIREMENTS
<b>Owner's Evidence of Property and Liability Insurance</b>	<p>All Insurers must be authorized to transact business in the State of Minnesota and must have a Best's rating of A- or better (refer to <a href="http://www.ambest.com">www.ambest.com</a> for rating information).</p> <p>Minnesota Housing's insurance requirements can be found at:  <a href="http://www.mnhousing.gov/wcs/Satellite?c=Page&amp;cid=1358905268966&amp;pagename=External%2FPage%2FEXTStandardLayout">http://www.mnhousing.gov/wcs/Satellite?c=Page&amp;cid=1358905268966&amp;pagename=External%2FPage%2FEXTStandardLayout</a></p>
<b>Contractor's Evidence of Insurance (Builder's Risk, Liability and Worker's Comp)</b>	<p>All Insurers must be authorized to transact business in the State of Minnesota and must have a Best's rating of A- or better (refer to <a href="http://www.ambest.com">www.ambest.com</a> for rating information).</p> <p><a href="#">Minnesota Housing's insurance requirements</a> can be found on the website:</p>
<b>Updated 100% Bid / Construction Documents</b> (unless previously waived by Minnesota Housing staff architect)	<p>Updated 100% Bid/Construction Documents [comprised of plans and project manual, specifications of architectural, structural, mechanical, electrical, landscaping, civil engineering and other construction-related fields of expertise as necessary]. Approval is given by the Minnesota Housing staff architect when all plan review comments and requirements noted during the review process are incorporated in the 100% construction documents, be it design modification, construction materials issues, or construction methods.</p> <p>Submit to the Minnesota Housing staff architect the following:</p> <ol style="list-style-type: none"> <li>(1) One full size, bound hard copy of the plans;</li> <li>(2) One bound hard copy of the project manual/specifications; and</li> <li>(3) Electronic version in pdf format of the plans and project manual/specifications.</li> </ol>
<b>Construction Contract</b>	<p>If a general contractor is required, then the general contractor and PHA can supply either the AIA Construction Contract form or HUD form of construction contract. This must be a <u>fixed price contract</u> that must be approved by the Minnesota Housing staff architect. Minnesota Housing does not accept design build contracts. If no general contractor is required by the Minnesota Housing staff architect, then the Minnesota Housing staff architect will provide additional guidance.</p> <p>Minnesota Housing may take an assignment of the construction contract and may require a supplement to general conditions of the construction contract.</p> <p><b><u>At closing: The executed AIA Construction Contract or HUD Form of Contract must be submitted.</u></b></p>
<b>Jobs Reporting</b>	<p>POHP-PH funded projects are required to provide the following information: the number and types of jobs for each project, whether the jobs are new or retained, where the jobs are located, and pay ranges of the jobs. PHAs must include the <a href="#">Jobs Reporting Provision language</a> in any contracts between the PHA and the Contractor and the Contractor and any Subcontractors. PHAs must also work with contractors to ensure the information in the <a href="#">Jobs Reporting Attachment</a> of the Repayment Agreement is completed. <b>Note:</b> A Jobs Reporting Attachment must be completed for each approved project.</p>

## 2. Submissions prior to scheduling the construction loan closing:

DOCUMENT	REQUIREMENTS
<b>Building Permits</b>	<p>A <u>draft copy</u> of the building permit(s) accompanied by a letter from the building official stating: (1) the amount of the permit fees; and (2) that the only requirement to be complied with in issuance of the building permits is the payment of the permit fees. Minnesota Housing does not accept a draft permit that includes a list of deficiencies that must be corrected prior to issuance of the permit.</p> <p><b><u>At closing:</u> A copy of the issued building permit(s) signed by the building official including a copy of the permit fee paid receipt is required.</b></p>
<b>Periodical Estimate for Partial Payment (Contractor Pay Application)</b> (HUD Form)	<p>The Contractor Pay Application provides a detailed itemization of the values of contractor's total proposed contract sum by classes of work (i.e., masonry, carpentry, plumbing, electrical, general conditions, bonds &amp; insurance, general contractor's overhead and profit, etc.) This approved contractor pay application becomes the template by which a general contractor will prepare the subsequent applications for payment for the various classes of work that have been completed under the contract.</p>
<b>Payment and Performance Bonds</b> (MH forms)	<p>For construction contract amounts more than \$100,000 (excluding construction contingency), the general contractor must submit 100% Payment and Performance Bonds (Dual Obligatee) in <u>draft form</u>, in amounts equal to the gross construction cost. Minnesota Housing form is required.</p> <p><b><u>At closing:</u> Minnesota Housing requires two sets of original and fully executed Payment and Performance Bonds be delivered, dated the date of closing.</b></p> <p>The following forms must be completed:</p> <ul style="list-style-type: none"> <li>• <a href="#">Payment Bond</a></li> <li>• <a href="#">Performance Bond</a></li> </ul>
<b>Architect Contract</b> (if applicable)	<p>If an Architect is hired for the project, then either the AIA B Series Owner/Architect Agreement or Model Form of Agreement Between Owner and Design Professional (HUD Form 51915) must be approved by the Minnesota Housing staff architect. Minnesota Housing does not accept design build contracts. Minnesota Housing takes an assignment of the architects' contract and requires a supplement to general conditions of the construction contract.</p>
<b>Architect's Evidence of Insurance</b> (if applicable)	<p>If an Architect is hired for the project, then the Architect's Professional Liability Insurance Certificate must be submitted: In an amount not less than \$500,000 per occurrence. In cases where the design and supervising architects are different entities, each entity shall supply a certificate of insurance of professional liability insurance in an amount not less than \$500,000.</p>
<b>Architect's Opinion Letter</b> (unless waived) (MH form)	<p>Unless waived by Minnesota Housing, if an Architect is hired for the project, then Minnesota Housing requires the architect to submit an opinion letter addressed to Minnesota Housing. The purpose of this letter is to certify that the architect is licensed to practice in the State of Minnesota and is prepared to perform architectural services under Minnesota Housing's terms. Minnesota Housing's form is required.</p> <p>The Minnesota Housing <a href="#">Form of Architect of Record Opinion Letter</a> must be completed.</p>

## 2. Submissions prior to scheduling the construction loan closing (continued):

DOCUMENT	REQUIREMENTS
Invoices and supporting documentation for Closing Draw (Draw #1)	It is important that all invoices and additional supporting documents for budgeted development costs/fees outlined in the Sources and Uses Worksheet that require payment at closing be received by Minnesota Housing a <b>minimum of ten (10) business days prior to closing</b> . Minnesota Housing reviews this documentation and prepares the draw requisition (Draw #1). Refer to the Request for Funds Process [add link]

If additional items are required, you will be notified.

**End – submissions prior to scheduling the construction loan closing**

### 3. Submissions during rehabilitation

DOCUMENT	REQUIREMENTS
<b>Borrower's Draw Requisition and Payee Voucher ("Draw") and Proof of Payment</b> (MH forms)	<p>The Draw is submitted by the PHA to Minnesota Housing Draw Tech on a monthly basis through completion of the rehabilitation to pay the costs of rehab and any soft costs up to the amounts budgeted for the project. The first Draw will be completed and signed simultaneous with the construction loan closing and will be used as a basis for subsequent (monthly) Draws.</p> <p>Contractor pay applications (which become a part of the monthly Draw) will be reviewed on site once each month at a regularly scheduled draw meeting with the PHA, General Contractor, and if applicable, the Architect in attendance. The Minnesota Housing staff architect may or may not attend the on-site draw meetings. Minnesota Housing staff architect approves the monthly contractor pay application. Photos of rehabilitation progress must be included with the monthly contractor pay application.</p> <p>Funds are disbursed to the PHA (or title company, if used) upon Draw Tech's approval of the Draw, including a Proof of Payment for costs paid to contractors/vendors the prior month, and any additional documentation deemed necessary by Minnesota Housing.</p>
<b>Construction Admin Reports</b>	Regular monthly on-site construction meeting minutes and/or field reports prepared by the Architect or General Contractor shall be submitted to the Minnesota Housing staff architect electronically in a PDF format when disseminated to others.
<b>Change Directives</b>	Change orders, Architectural Supplemental Instructions (ASI's) or any other change directive shall be submitted to the Minnesota Housing staff architect for approval prior to the Change Order being accepted or signed by the parties.

**End -- submissions during rehabilitation**

#### 4. Submissions for rehabilitation completion/project closeout:

DOCUMENT	REQUIREMENTS
<b>Certificate(s) of Substantial Completion.</b>	Submitted by the Architect, a qualified Rehabilitation Specialist or General Contractor on Form AIA G704. The completed Punch List(s) shall also be submitted.
<b>100% Completion- written confirmation.</b> (If applicable)	Written confirmation from Architect, qualified Rehabilitation Specialist or General Contractor that all work, including punch list items, has been completed.
<b>Certificate of Occupancy</b>	Issued by the local municipality or evidence that all permits are closed out for occupied building type projects.
<b>Applicable Environmental Documentation</b>	<ul style="list-style-type: none"><li>▪ Lead Hazard Evaluation and Reduction Summary</li><li>▪ Lead Clearance Reports</li><li>▪ Asbestos O&amp;M Plans</li><li>▪ MPCA Closeout</li></ul>
<b>Sworn Construction Statement</b>	Submit AIA G703, Final General Contractor's Pay Application, or other Minnesota Housing approved format.
<b>Electronic Archive Contract Documents</b>	The Minnesota Housing approved set of Contract Documents including plans, specifications and addenda shall be submitted in a PDF electronic format.
<b>Photos of Completed Work</b> (may be waived)	Digital photos showing a limited to a typical sampling of work completed.

**End -- submissions for rehabilitation completion/project closeout**